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RELEASED IN PART
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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	INL-00	DINT-00	DODE-00	DOTE-00	PERC-00	SRPP-00	DS-00
	EB-00	EXIM-01	E-00	FAAE-00	VC-00	FRB-00	H-01
	TEDE-00	INR-00	ITC-01	LAB-01	L-00	CAC-00	VCE-00
	AC-01	NSAE-00	OCS-03	OES-00	OMB-01	DHS-00	OPIC-01
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	TRSE-00	USIE-00	EPAE-00	PMB-00
	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00	SAS-00	/013W

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O 042213Z DEC 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 8839
INFO OPEC COLLECTIVE
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY MEXICO
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO
DEPT OF COMMERCE WASHDC
DEPT OF ENERGY WASHDC
NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 003880

NSC FOR HLLORENS, ENERGY FOR DAVID PUMPHREY AND ANDREA
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LOCKWOOD

E.O. 12958: DECL: 12/03/2012
TAGS: EPET, PGOV, ECON, ASEC, CASC, VE
SUBJECT: PDVSA ON DAY THREE OF THE GENERAL STRIKE

REF: CARACAS 3852

CLASSIFIED BY: DEPUTY CHIEF OF MISSION FREDERICK B. COOK,
REASONS 1.5 (B) AND (D)

SUMMARY

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1. (C) THE SITUATION WITHIN STATE OIL OPERATOR PETROLEOS DE VENEZUELA (PDVSA) APPEARS TO BE WORSENING ON DECEMBER 4, RAISING FEARS OF THE POSSIBILITY OF SHORTFALLS IN DOMESTIC GASOLINE SUPPLIES AND CURTAILMENT OF PDVSA EXPORTS. PDVSA ACTIVITIES IN THE WEST IN LAKE MARACAIBO HAVE VIRTUALLY SHUTDOWN. THE SITUATION AT THE MAJOR PARAGUANA AND PUERTO LA CRUZ REFINERIES ALSO IS REPORTED TO BE SERIOUS BECAUSE OF NATURAL GAS AND STAFF SHORTAGES RESPECTIVELY. SHIPPING MOVEMENTS ARE NOW BEING DELAYED AND VESSELS ARE ANCHORED OFF THE MAJOR PORTS AWAITING BERTHING INSTRUCTIONS. SUPPLIES FOR THE DOMESTIC GASOLINE MARKET ARE ALSO NOT MOVING. PRODUCTION IN THE EAST, HOWEVER, APPEARS TO BE LITTLE AFFECTED. ALTHOUGH NO FORMAL DECISION HAS BEEN ANNOUNCED, EVERY INDICATION IS THAT THE PDVSA STRIKE WILL CONTINUE AT LEAST FOR A FOURTH DAY.

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END SUMMARY.

2. (C) AS THE STRIKE CONTINUES THROUGH ITS THIRD DAY, DECEMBER 4, PDVSA ADMINISTRATIVE OPERATIONS IN CARACAS ARE VIRTUALLY AT A STANDSTILL. HARD INFORMATION ABOUT THE STATUS OF PDVSA FACILITIES AND OPERATIONS NATIONWIDE IS DIFFICULT TO VERIFY, BUT THE MOST SERIOUS POTENTIAL PROBLEMS APPEAR TO LIE IN TRANSPORT DELAYS BOTH FOR THE DOMESTIC AND INTERNATIONAL MARKETS. THE FOLLOWING IS A BRIEF RESUME OF PDVSA ACTIVITIES NATIONWIDE.

WESTERN OPERATIONS: MARACAIBO PARALYZED

3. (C) PDVSA ACTIVITIES IN MARACAIBO HAVE SLOWED TO A CRAWL (IF NOT A COMPLETE STOP) WITH AT LEAST 80 PERCENT OF EMPLOYEES AT ALL LEVELS OUT OF WORK ON DECEMBER 4, ACCORDING TO

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CONFIRMS THAT BAJO GRANDE, THE 15 MILLION BARREL A DAY REFINERY NEAR MARACAIBO, IMPORTANT FOR GASOLINE SUPPLIES IN THE WEST OF VENEZUELA, HAS BEEN PARALYZED AT LEAST SINCE THE NIGHT OF DECEMBER 3. THERE HAS ALSO BEEN NO TRANSPORT OF GASOLINE STOCKS.

4. (C) DESPITE THE RUMORS OF DECEMBER 2 AND 3 THAT THE MARACAIBO LAKE SHIPPING CHANNEL WOULD BE CLOSED, THE CHANNEL REMAINS OPEN. WE UNDERSTAND FROM SEVERAL SOURCES INCLUDING HOWEVER, THAT SHIPPING IS NOT COMING INTO THE LAKE. ONE U.S. EXECUTIVE ATTRIBUTES THIS TO A WORK SLOWDOWN BY

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HARBOR PILOTS, WHILE [] ATTRIBUTES IT TO FEAR ON THE PART
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OF SHIP OWNERS THAT ONCE IN THE LAKE, VESSELS WILL NOT BE
ABLE TO LEAVE. [] INFORMED ECONOFF THAT ONE SHIP HAS
ALREADY BEEN RE-ROUTED TO COLOMBIA AND THAT AT LEAST ONE
VESSEL IS ANCHORED OUTSIDE THE LAKE AWAITING INSTRUCTIONS.

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SHIPPING DELAYS

5. (C) WE HAVE CONFIRMED REPORTS OF SERIOUS SHIPPING DELAYS.

ONE MARITIME AGENCY INFORMED ITS CLIENTS ON DECEMBER 3 THAT,
&AS TIME PASSES AND NO SCHEDULING IS BEING DONE AT PDVSA
CARACAS LESS AND LESS (SIC) BERTHING MANEUVERS ARE EXPECTED
TO TAKE PLACE, THE ONES THAT TOOK PLACE (DECEMBER 2 AND 3)
WERE ALREADY SCHEDULED FROM LAST WEEK. THEREFORE VESSELS
ARRIVING (AFTER DECEMBER 4) ARE LIKELY TO WAIT AT ANCHORAGE
UNTIL SITUATION IS RESOLVED.8 A U.S. EXECUTIVE AT THE JOSE
TERMINAL, WHICH SERVES THE FOUR EXTRA HEAVY CRUDE ORINOCO
BELT PROJECTS AMONGST OTHERS, CONFIRMED THAT TWO VESSELS
WOULD FINISH LOADING AND SAIL ON DECEMBER 4. FOUR OTHER
VESSELS ARE SCHEDULED TO LOAD OVER THE NEXT FEW DAYS, BUT
HAVE BEEN UNABLE TO OBTAIN THE NECESSARY SHIPPING DOCUMENTS.
HE ALSO CONFIRMED THAT AT LEAST FOUR VESSELS ARE ANCHORED,
AWAITING BERTHING INSTRUCTIONS AT THE GUARAGUAO PORT (SERVES
PUERTO LA CRUZ AND CRUDE SHIPMENTS FROM EASTERN VENEZUELA).

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REFINERY STATUS: PARAGUANA/PUERTO LA CRUZ

6. (C) WE HAVE RECEIVED REPORTS FROM A NUMBER OF DIFFERENT CONTACTS THAT THE FLOW OF NATURAL GAS FEEDSTOCK TO THE GIANT PARAGUANA REFINERY COMPLEX FROM PDVSA FACILITIES IN ZULIA STATE (MARACAIBO) HAS BEEN CUT BACK AND THAT PLANT MANAGERS MET DECEMBER 4 TO CONSIDER SHUTTING THE COMPLEX DOWN ON SAFETY GROUNDS. THERE ARE ALSO REPORTS THAT THE PUERTO LA CRUZ AND EL PALITO REFINERIES ARE NEARING SHUTDOWN BECAUSE OF CONTINUING STAFF SHORTAGES. WHILE WE CANNOT QUANTIFY WHEN (IF) THE FACILITIES MIGHT BE SHUT DOWN, [REDACTED]

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[REDACTED] CONFIRMED TO ECONOFF THAT COMPANY VICE PRESIDENTS TRAVELED DECEMBER 4 TO THE REFINERIES TO TRY TO KEEP THEM OPERATING. WE HAVE BEEN UNABLE TO VERIFY A REPORT THAT PDVSA HAS ALREADY DISPATCHED TEAMS OF QUALIFIED RETIREES TO THE REFINERIES TO HELP WITH SHUT DOWN PROCEDURES.

EASTERN OPERATIONS: GOING LIKE GANGBUSTERS?

7. (C) A U.S. EXECUTIVE WHOSE COMPANY OPERATES IN THE MATURIN
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AREA INFORMED US THAT, BASED ON THE OPERATION OF GAS RE-INJECTION PLANTS IN MATURIN, OIL PRODUCTION IS VERY HIGH IN EASTERN VENEZUELA. HE SPECULATED THAT PDVSA HAS INCREASED PRODUCTION TO OFFSET LOSSES IN THE WEST BUT MAY FIND THEY CANNOT SHIP THE OIL. STORAGE COULD BECOME AN ISSUE. THE U.S. EXECUTIVE AT THE JOSE TERMINAL INFORMED US THAT THERE ARE APPROXIMATELY 550,000 BARRELS OF STORAGE LEFT AT THE JOSE TERMINAL.

DOMESTIC FUELS MARKET

8. (C) WITH RESPECT TO THE DOMESTIC GASOLINE MARKET, CONTACTS IN THE FUELS MARKET TELL US NO SHIPMENTS HAVE BEEN MADE TO CARACAS OR PUERTO CABELLO FOR A DAY AND A HALF. LAND TRANSPORT HAS ALSO VIRTUALLY HALTED WITH TRANSPORTERS REFUSING TO SHIFT PRODUCT WITHOUT GUARANTEES FOR THEIR SAFETY. EXXONMOBIL INFORMED US THAT THEIR OPERATIONS WOULD BE NORMAL ON DECEMBER 4, BUT THAT THEY MIGHT START TO HAVE PROBLEMS ON THE 5TH. BP REPORTED THAT THEY ARE DOWN TO A 48-HOUR SUPPLY IN CARACAS. BOTH COMPANIES NOTE THAT PDVSA, S OWN SERVICE STATIONS, THE LARGEST CHAIN IN THE COUNTRY, ARE LIKELY TO BE FACING A MORE SERIOUS SUPPLY SITUATION. THEY ALSO ADD THAT, IF UNCHANGED, THE SITUATION IS LIKELY TO REACH THE CRITICAL STAGE BY THE WEEKEND IN CARACAS AND BEFORE THEN IN OTHER PARTS OF THE COUNTRY.

STRIKE TO CONTINUE

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